



September 26, 2007

David Ikari, Chief  
Dairy Marketing Branch  
California Department of Food and Agriculture  
1220 N Street  
Sacramento, California 95814

Re: Alternative Proposal for October 10, 2007, Hearing to Consider Changes to the California Milk Marketing Stabilization Plans Class 4(a) and Class 4(b) Pricing Provisions

Dear Mr. Ikari:

This alternative proposal for changes to the both the Northern and Southern California stabilization plans are being submitted by Humboldt Creamery.

Based on the original call of the hearing related to small dairy manufacturers within the State of California, our approach to manufacturing allowances or pricing provisions of 4(a) or 4(b), is that they should be consistent between classes. That is the principle upon which this alternative proposal is based. Also the proposal is based on the recent manufacturing cost study published by the State of California. The proposal is based on the ever increasing variance between the small manufactures and large manufactures within the state.

In conclusion, Humboldt Creamery asks the department to accept this alternative proposal which keeps parity between all manufacturing classes of milk and recognizes the value of all manufacturers independent of size and location.

Respectfully submitted,

Rich Ghilarducci  
President/CEO  
Humboldt Creamery Association

## **4(a) Provisions**

(D) The minimum prices to be paid for components used for Class 4a shall be computed as follows:

(1) For all milk fat, not less than the price per pound computed by the formula using the butter price, less an f.o.b. California price adjuster of one and sixty-eight Northern California – Plan 50 8 hundredths cents (\$0.0168), less a manufacturing cost allowance of twenty and six tenths cents (\$0.2061) for the first 210,000 lbs lbs of milk fat processed and fifteen and six tenths cents (\$0.156) for the remaining volume, and the result multiplied by a yield factor of one and two-tenths (1.2).

(2) For all milk solids-not-fat, not less than the price per pound computed by the formula using the nonfat dry milk price, less a manufacturing cost allowance of twenty cents (\$0.20) for the first 522,000 lbs lbs of solids-not-fat processed and sixteen cents (\$0.16), multiplied by a yield factor of one (1.0).

## **4(b) Provisions**

(E) The minimum prices to be paid for components used for Class 4b shall be computed as follows:

(1) The Cheese hundredweight price shall be the price per hundredweight computed by the sum of the following:

(a) The price per hundredweight computed by the formula using the Cheddar cheese price, less an f.o.b. California price adjuster of two and fifty-two hundredths cents (\$0.0252), less a Cheddar cheese manufacturing cost allowance of twenty-one and four hundredths cents (\$0.2104) for the first 6,000,000 lbs lbs of milk processed and seventeen and eight tenths cents (\$0.178) for the remaining volume, all multiplied by a yield factor of ten and two-tenths (10.2).

(b) The price per hundredweight computed by the formula using the butter price, less a manufacturing cost allowance of twenty and six tenths cents (\$0.2061) for the first 210,000 lbs lbs of milk fat processed and fifteen and six tenths cents (\$0.156), less ten cents (\$0.10), all multiplied by a yield factor of twenty-seven-hundredths (0.27). Northern California – Plan 50 9